

CLASS: M.Com.

15A/263

St. JOSEPH'S COLLEGE (AUTONOMOUS) TIRUCHIRAPPALLI – 620 002

SEMESTER EXAMINATIONS – APRIL 2015

TIME: 40 Minutes

MAXIMUM MARKS: 25

SEM	SET	PAPER CODE	TITLE OF THE PAPER
II	2014	14PCO2106	COST SYSTEM AND COST CONTROL

SECTION - A

Answer all the questions:

25 × 1 = 25

Choose the correct answer:

- The main purpose of cost accounting is to
 - Maximize profits
 - Help in inventory valuation
 - Provide information to management for decision-making
 - Aid in the fixation of selling prices
- Increase in total variable cost is due to
 - Increase in fixed cost
 - Increase in production
 - Increase in sales
 - Increase in total cost
- Multiple costing method is used in
 - Oil refinery
 - Car manufacturing company
 - Sugar mill
 - Multi-product company
- In which of the following methods, issues of materials are prices at a pre-determined rate?
 - Inflated price method
 - Standard price method
 - Replacement price method
 - Specific price method
- Which of the following material losses should be transferred to costing profit and loss account?
 - Loss by evaporation
 - Loss due to improper storage of materials
 - Loss due to breaking the bulk
 - All of these

6. 100 units are introduced in a process in which normal loss is 15 units. If actual output is also 100 units then there is
 - a) No abnormal loss of abnormal gain
 - b) An abnormal loss
 - c) An abnormal gain
 - d) None of these
7. An understatement of ending work-in-progress inventory will
 - a) Understate cost of goods produced
 - b) Understate net profit
 - c) Overstate gross profit
 - d) Overstate current assets
8. When units are lost at the end of the production process, the cost is charged to
 - a) Factory overhead
 - b) Work-in-progress
 - c) Selling expense
 - d) Completed units
9. A product which has practically no sales or utility value is
 - a) Waste
 - b) By product
 - c) Scrap
 - d) Spoilage
10. A method of apportionment of joint costs to various joint products on the basis of their respective capacities to bear joint costs is
 - a) Sales value method
 - b) Physical units method
 - c) Average cost method
 - d) Marginal cost and contribution method
11. The cost of a product as determined under standard cost system is
 - a) Fixed cost
 - b) Direct cost
 - c) Historical cost
 - d) Pre-determined cost
12. One purpose of standard costs may be described as
 - a) Promoting and measuring performance
 - b) Setting cost of manufacture
 - c) Controlling and reducing cost
 - d) Simplifying production operations
13. Overhead cost variance is the difference between
 - a) Actual overhead and budgeted overhead
 - b) Absorbed overhead and budgeted overhead

- c) Absorbed overhead and actual overhead
 - d) Actual overhead and standard overhead
14. If standard hours are 400 @ Re. 1 per hour and actual hours are 380 @ ` 1.25 per hour the labour rate variance is
- a) ` 20 (Favourable) b) ` 100 (Adverse)
 - c) ` 25 (Favourable) d) ` 95 (Adverse)
15. Which of the following variance is always adverse
- a) Sales margin mix variance
 - b) Fixed overhead capacity variance
 - c) Calendar variance
 - d) None of these
16. Fixed overhead expenditure variance is the difference between
- a) Budgeted overhead and actual overhead
 - b) Standard overhead and actual overhead
 - c) Absorbed overhead and budgeted overhead
 - d) Absorbed overhead and standard overhead
17. Product costs under marginal costing include
- a) Price costs only
 - b) Prime costs and variable overhead
 - c) Prime costs and fixed overhead
 - d) Material cost and variable overhead
18. One of the primary difference between marginal costing and absorption costing is regarding the treatments of
- a) Direct materials b) Fixed overheads
 - c) Variable overheads d) Prime cost
19. Profit shown by absorption costing will tend to exceed profit shown by marginal costing method if
- a) Units produced exceed unit sold
 - b) Variable manufacturing costs decrease
 - c) Units sold exceeds units produced
 - d) Fixed manufacturing costs decrease

20. Under the marginal costing concept, unit product cost would most likely be increased by
- a) A decrease in number of units produced
 - b) An increase in the number of units produced
 - c) An increase in the commission paid to salesman for each unit sold
 - d) An increase in the remaining useful life of factory machinery depreciated on written down value method
21. When fixed cost is ` 10,000 and P/v ratio is 50% the breakeven point will be
- a) ` 20,000
 - b) ` 50,000
 - c) ` 40,000
 - d) None of these
22. In a job cost system, costs are accumulated
- a) By specific job
 - b) By departmenta or process
 - c) By kind of material used
 - d) On a monthly basis
23. Most of the expenses are direct in
- a) Job costing
 - b) Contract costing
 - c) Batch costing
 - d) All of these
24. The type of variance not computed for factory overhead is _____.
- a) Controllable
 - b) Equivalent production
 - c) Volume
 - d) Idle capacity
25. Controllable variances are best disposed of by transferring to
- a) Cost of goods sold
 - b) Inventories of work-in progress and finished good
 - c) Cost of goods sold and inventories
 - d) Costing profit and loss a/c
